

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 COME-00 STR-06 STRE-00 SP-02
USIA-06 AID-05 EB-08 NSC-05 TRSE-00 SS-15 OMB-01
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CIAE-00 INR-07 NSAE-00 FMC-01 DOTE-00 /075 W
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O 121551Z JAN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 1971
AMEMBASSY MOSCOW IMMEDIATE

C O N F I D E N T I A L LONDON 00577

DEPARTMENT FOR EUR/SOV WILLIAM EDGAR

DEPARTMENT PASS: SECRETARY OF COMMERCE; DEPUTY ASSISTANT
SECRETARY OF COMMERCE SAMUEL NEMIROW; HERTH HEISS, BEWT/
USSR, DEPT. OF COMMERCE; THE SPECIAL TRADE REPRESENTATIVE
RICHARD RIVERS AND SHIRLEY COFFIELD, STR

FROM ASSISTANT SECRETARY OF COMMERCE ROBERT J. BLACKWELL

1. US-SOVIET NEGOTIATIONS HELD ON MARINE CARGO INSURANCE
IN LONDON JAN. 10-12 FAILED TO PRODUCE AGREEMENT ON MEANS
TO RESOLVE THE ISSUE. ALTHOUGH SOVIET NEGOTIATOR DEPUTY
FOREIGN TRADE MINISTER IVANOV SOUGHT TO CONVEY IMPRESSION
OF CONCILIATORY ATTITUDE, ON MATTERS OF SUBSTANCE HE MADE
NO CONCRETE PROPOSAL TO RESOLVE THE ISSUE SATISFACTORILY
TO BOTH SIDES. RATHER HE CONFINED HIMSELF TO CRITICIZING
US DRAFTS IN GENERAL TERMS AND WHEN US SIDE MODIFIED ITS
LANGUAGE TO ACCOMMODATE IVANOV, HE SAID HE COULD DO
NOTHING UNTIL HE HAD RETURNED TO MOSCOW. US SIDE WAS
ABLE TO EXTRACT FROM IVANOV PROMISE TO SUBMIT HIS OWN
DRAFT. IVANOV, HOWEVER, SAID HE WOULD BE UNABLE TO DO
SO BEFORE MARCH 1. IVANOV APPEARED TO BE TESTING US
RESOLVE ON THIS ISSUE, PARTICULARLY SERIOUSNESS OF
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SECTION 301 COMPLAINT.

2. US NEGOTIATOR ASST. SECRETARY OF COMMERCE
ROBERT J. BLACKWELL SOUGHT TO USE LEVERAGE PROVIDED BY
SECTION 301 TRADE COMPLAINT TO RESOLVE SMALL BUT
VEXATIOUS MARINE CARGO INSURANCE ISSUE IN MANNER WHICH
WAS AGREEABLE TO BOTH SIDES AND WHICH WOULD INVOLVE, AS

MUCH AS FEASIBLE, DIRECT ARRANGEMENTS BY US UNDERWRITERS AND THE SOVIET STATE INSURANCE COMPANY, INGOSTRAKH. TO THAT END BLACKWELL PRESENTED AN INITIAL DRAFT TO THE SOVIETS ON MORNING OF JAN. 10 AND SUBSEQUENTLY MADE ORAL MODIFICATIONS TO MEET IVANOV'S OBJECTIONS. THEN ON JAN. 12 PRESENTED NEW DRAFT WHICH IT WAS HOPED WOULD FORM WORKABLE BASIS FOR CONCRETE DISCUSSIONS ON THE TEXT OF AN AGREEMENT. HOWEVER, IVANOV CONTINUED TO MAKE NEGATIVE COMMENTS WITHOUT COMMITTING HIMSELF TO SPECIFIC LANGUAGE AND FINALLY TOLD BLACKWELL THAT HE WOULD HAVE TO RETURN TO MOSCOW BEFORE HE COULD MAKE ANY SPECIFIC COMMITMENTS TO THE ACTUAL TEXT OF AN AGREEMENT. HE CONVEYED THE IMPRESSION THAT DESPITE THE 301 COMPLAINT HE WAS SENT ONLY TO FEEL OUT US POSITION WITHOUT ACTUALLY CONTRIBUTING TO A RESOLUTION OF THE ISSUE. HOWEVER, BECAUSE OF BLACKWELL'S CONCILIATORY ATTITUDE, IVANOV DID AGREE TO PREPARE A DRAFT WHICH HE WOULD COMMUNICATE TO BLACKWELL WHEN IT WAS READY OR NO LATER THAN MARCH 1.

3. DURING NEGOTIATIONS IVANOV SAID THAT SECTION 301 COMPLAINT SHOULD BE DROPPED BY US SIDE BECAUSE IT MADE THE ATMOSPHERE MORE DIFFICULT FOR SETTLEMENT OF MARINE INSURANCE ISSUE. BLACKWELL POINTED OUT THAT THE USG HAD NOTHING TO DO WITH THE FILING OF THE COMPLAINT, BUT THAT HE COULD UNDERSTAND THE MOTIVES OF THE UNDERWRITERS IN DOING SO AFTER FIVE YEARS OF VAIN ATTEMPTS TO RESOLVE THE CONFIDENTIAL

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ISSUE. HE SAID THAT THE BEST WAY OF DEALING WITH THE COMPLAINT WAS TO REACH AN AGREEMENT WHICH ENSURED THE UNDERWRITERS OF BOTH COUNTRIES FAIR AND EQUITABLE PARTICIPATION IN MARINE INSURANCE ON CARGOES MOVING IN THE BILATERAL TRADE. HE TOLD IVANOV THAT THE SOVIET SIDE COULD NOT HAVE IT BOTH WAYS, ENJOYING THE BENEFITS OF THE US FREE MARKET ECONOMY WHILE USING CONTROL OF THEIR OWN ECONOMY TO DENY US MARINE UNDERWRITERS OPPORTUNITY TO SHARE THE FRUITS OF US-SOVIET TRADE. BLACKWELL MADE CLEAR TO IVANOV THAT THE RESPONSIBILITY IN TERMS OF ACTIVATION OF THE 301 PROCEDURES (HOLDING OF HEARINGS AND PUBLICATION OF COMPLAINT) RESTED WITH THE SOVIETS SINCE IT IS THEY WHO ARE DELAYING RESOLUTION OF THIS ISSUE. BLACKWELL MADE NO REPEAT NO COMMITMENT TO IVANOV TO DELAY 301 PROCEDURES AND HE BELIEVES THESE SHOULD BE INSTITUTED IMMEDIATELY.

BREWSTER

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Message Attributes

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